Innovations for Scale and Sustainability in EITC Campaigns

Bringing Financial Empowerment to the Workplace: Lessons from Chicago, IL

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Executive Summary

In December, 2003, the Center for Economic Progress (CEP) and North Side Community Federal Credit Union (NSCFCU) began implementation of a pilot project with the goal of expanding free tax preparation, financial education and access to financial services by working through employer Human Resources departments, with the ultimate goal of integrating those activities into the employers' standard benefits package.

Implementation and research activities in the first year included:

- Outreach and marketing to engage employers in the project, and development of partnerships with three local employers.
- Establishment of a new free tax preparation site for employees of the participating companies.
- Participation in employee orientation sessions and provision of financial literacy workshops at the employer sites.
- Training of Human Resources staff to enable them to provide a higher level of financial information and education to employees.
- Work with Human Resources departments to integrate changes in department operations that would promote employee financial stability and asset development.
- Collection of data around number of tax returns completed, accounts opened, education sessions provided, and other key outcomes.
- Surveys of employees – both those participating in pilot activities and those not participating – to understand their financial situations and needs, interest in services offered, and assessment of services.
- Interviews with the three employers to understand the business case for participating in the program and their satisfaction with the partnership.

This document summarizes the experience and learnings from early pilot implementation and considers the potential of this model for achieving scale, sustainability and impact in EITC campaigns. Overall, the pilot was well implemented and provided a range of financial education, tax preparation, accounts and other services to employees of partner businesses. The successful engagement of low-income workers suggests that it makes sense to reach this

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target population through the workplace. However, the pilot was also extremely resource intensive, raising key questions about the scalability of this particular model of employer partnerships. In addition, the experience of working with Human Resources departments brought to light a number of challenges. Key lessons from the first year include:

- The employers were all eager to participate, and it was easy to make a business case for adding an employee benefit at little or no cost to them.
- Human Resources departments are being asked to do more with less, and therefore were not always able to commit even the limited time needed to leverage the more significant investment offered by the non-profit partners.
- It proved significantly easier to provide services through the workplace than to alter employer practices. At the same time, all three employers were actively engaged in outreach, a role which may be both more realistic and more appropriate for them.
- Staff turnover caused serious upheaval in the pilot, as relationships disappeared, taking commitment to the program with them.
- While convenience (both hours and location) of services was expected to be factors in participation, these proved to be even more important than expected.
- The project was very resource and labor intensive for CEP and NSCFCU, offering few savings from either employer involvement or scale.

While it is still early to draw conclusions about the potential of this model, the first year experience suggests two competing ideas: first, that working with employers may be a useful strategy for outreach around financial education and financial services, allowing campaigns to target their efforts and providing a forum for initiating the discussion with low-income workers; but second, that given staffing and resource pressures facing Human Resources departments, as well as issues of capacity, expertise and confidentiality, companies are unlikely to assume responsibility for providing these services and thus the model may not ultimately be scalable.

The pilot was based on the premise that in the long run, involvement of the workplace will be essential to achieving scale, sustainability and impact in asset development. The challenges raised in the first year of the pilot raise the bar for identifying successful strategies to reach these goals. In particular, it asks whether alternative strategies can effectively reach low-income employees while minimizing staff involvement by both corporate Human Resources departments and non-profit service providers.

I. Background

The Annie E. Casey Foundation has been an active supporter of Earned Income Tax Credit Campaigns across the United States. Building on existing infrastructures in their communities, these campaigns provide: (1) education and assistance to promote the EITC and other tax credits for qualified working poor families; (2) free or low-priced quality tax preparation services; and (3) links to other programs and services so that tax filers can use their refunds to begin building financial assets.

While the campaigns have helped hundreds of thousands of low-income workers receive tens of millions in tax refunds, they have proven to be expensive and labor-intensive to operate. Given the campaigns' ambitious goals and limited resources, there has been increasing interest in identifying alternative models that have greater potential for scale, sustainability and impact. Beginning in late 2003, the Annie E. Casey Foundation, working through the Aspen Institute's Economic Opportunities Program, provided grants and technical assistance to a limited number of EITC campaigns to support the design, development and pilot implementation of innovative approaches to EITC outreach, tax preparation and asset development.

In Chicago, the Center for Economic Progress (CEP) and North Side Community Federal Credit Union (NSCFCU) proposed a pilot whereby free tax preparation, financial education and asset-building opportunities would be marketed to low-income workers through their employers. The pilot initiative represents a natural extension of the work of both CEP and NSCFCU.

Established in 1990, CEP's programs include free tax preparation, a legal tax clinic, financial education, and partnerships with financial institutions to help families build assets. Since 1994, CEP volunteers have prepared more than 100,000 tax returns for working families, generating more than $122 million in refunds. NSCFCU, with over 3,700 members and $8.5 million in assets, provides a full range of financial services to the community, and also partners with 41 local companies. Through these "Select Employer Groups," NSCFCU offers (at no charge to the employer) direct deposit of paychecks, access to all credit union products and services, and financial education programming.

II. The Innovation Model

Traditionally, EITC campaigns have reached out to low-income workers through direct marketing or partnership with community-based organizations. This pilot instead proposed to use the workplace as an alternative intervention point because of the role it already plays in workers' financial lives. According to the proposal:

- Employers are a primary point-of-contact for financial transactions, including payroll, direct deposit, tax withholding (W-4) and reporting (W-2, 1099), fringe benefits, retirement and cafeteria/flexible spending plans.
- Human Resources staff have access to confidential information on employees and their families that can help identify target individuals for services.
- Employers already conduct new-employee orientations that present unique opportunities to provide financial information and access to services.
- Distribution of W-2s presents an ideal opportunity to provide information to workers about the EITC and other tax benefits and link workers to free tax preparation.
- HR departments have opportunities at various times of the year to provide financial information to employees.

The pilot hoped to take advantage of the existing Human Resources infrastructure at the workplace, and to expand the HR role to include more assistance with financial issues. In particular, CEP and NSCFU proposed to work with 3-5 local employers to accomplish the following:

- Work with Human Resources staff to review payroll information to determine which staff either lack direct deposit and/or may be eligible for tax credits that target low/moderate income workers and their families
- Provide EITC outreach and information through payroll and W-2 stuffers, company e-mails and newsletters and mailings to targeted employees.
- Provide free tax preparation during the tax season to employees by appointment at the credit union (located near all three employers).
- Conduct financial education workshops on-site at the workplace, covering a range of topics, including: personal budgeting, homeownership, credit repair and retirement planning.
- Rework new employee orientations by providing on-site presentations, training for HR staff, and update of orientation materials, with topics covering: payroll and direct deposit; tax credits and withholding; completing a W-4; and automated withdrawal opportunities.
- Link employees with core financial services, including access to low-cost checking and savings accounts, and affordable loans as an alternative to predatory lenders.

The goal of the pilot was to see whether, by integrating EITC and asset-building activities into the benefits provided by employers, the goals of the campaign could be achieved at greater scale – and with less investment of resources by campaign partners – than providing those services directly to low-income workers. Ultimately, CEP and NSCFCU hoped to show that employer self-interest would support providing some services directly and subsidizing provision of others.

III. Pilot Implementation

Planning

Beginning in late 2003, CEP and NSCFCU began planning for implementation of the pilot program. The planning involved several components:

- Development of a PowerPoint presentation outlining the scope of the project and the anticipated benefits for both employers and employees.
- Identification of target employers for the implementation phase. Employers were chosen based on several factors, including: existing relationships with CEP and NSCFCU; a large number of low-income employees; an interest in providing expanded benefits; and location near the credit union, to facilitate service provision.
- Development of a model for what services and activities would be provided as part of the pilot and how those services would be provided.

- Development of an evaluation plan including outcome data, employee and customer surveys, and employer interviews.
- Development of a draft agreement outlining the expectations, roles and responsibilities for each party: the employer, CEP and NSCFCU.

Marketing to Employers

In December, 2003, representatives from CEP and NSCFCU met with staff at three prospective employers to propose the pilot project. The meetings generally included both senior managers at the companies and HR department staff. While the existing relationship between the credit union and the employers made them open to expanding into this new area, the marketing pitch was based on the idea that in the long run, the model would only succeed if employers saw it in their own interest to provide these services. The pitch emphasized the following benefits:

- Tax credits and benefits can effectively raise wages up to $2.50 per hour
- Financial education gives working families better options
- Core financial services help employees keep more of their paycheck
- Financial services may be an effective tool for attracting and retaining workers
- Addressing financial problems can help improve productivity, and reduce turnover and lost work time
- Increased use of direct deposit for payroll can reduce employer transaction costs
- The companies can differentiate themselves as an employer of choice and a local/national leader
- The partnership offers benefits to both the company and their employees at a low cost to the employer

After the initial meeting, all three employers agreed to participate in the pilot. The three employers were:

Action for Children, formerly the Day Care Action Council of Illinois, is a 35-year-old agency with a mission of promoting high quality, accessible child care. Action for Children administers the state's Child Care Assistance Program in Cook County and acts as a local resource and referral source for families seeking child care, employers and child care providers. Action for Children has approximately 360 employees, 80% of whom (according to the company) earn less than $35,000. At the start of the project, 124 employees already had accounts at NSCFCU.

Lakefront Supportive Housing, founded in 1986, is the Midwest's largest provider of supportive housing. Lakefront's 200 employees manage more than 973 housing units in 10 buildings and provide support services to the more than 1,000 formerly homeless residents. According to Lakefront, 80% of employees earn less than $35,000 and about half have children. Working with CEP and NSCFCU, Lakefront already provided tax preparation and financial education to building residents and (to a lesser extent) employees.

Weiss Memorial Hospital, an affiliate of the University of Chicago Hospitals, is a 357-bed health care facility. In June 2002, Weiss was acquired by Vanguard Health Systems, a hospital group based in Nashville, TN. Since then, Weiss has undergone consolidation of many administrative functions – shortly before the pilot began, Weiss' HR department was reduced from nine staff positions to four. Weiss has more than 1,059 employees, the majority low-income aides, and clerical and maintenance staff. Weiss had been working with NSCFCU in an effort to increase use of direct deposit among employees.

While all three employers quickly agreed to participate in the project, however, attempts to formalize the agreement faced significant hurdles. The greatest resistance came from Weiss Memorial Hospital, which did not want to "get locked in" to an agreement. Beyond that, attempts to get the agreements signed were the first indication that staff workloads and organizational inertia would pose challenges in the months ahead. After several weeks of repeated contacts and reminders, signed agreements were finally received from Lakefront in late March and Action for Children in mid-April. Weiss never signed the written agreement, though they followed through on participating in the pilot.

Free Tax Preparation

Because of the timing of pilot implementation – beginning in January – the early focus was on free tax preparation. CEP determined that it did not have the capacity to prepare tax returns at each employer location, so the decision was made to establish a tax preparation site at the credit union exclusively for partner employees. In order to target EITC-eligible employees, income limits were for the service and set at the same level as other CEP sites: $25,000 for workers without children and $35,000 for families with children.

All three employers invested significant effort in marketing the tax preparation. They made announcements at staff meetings, sent e-mails to employees, distributed and posted flyers, included stuffers in paychecks and W-2 envelopes, printed articles in company newsletters, and encouraged supervisors to pass on the information to employees in their departments. Employees were advised to call the credit union to set up an appointment, and slots were available each Monday from 10 a.m. to 2 p.m., beginning February 2nd through April 12th. NSCFCU staff made reminder calls to all scheduled employees.

Operationally, the tax site ran smoothly, due to CEP's extensive experience and proven model. CEP paid an experienced site manager to supervise the site, and also trained NSCFCU staff in site management and transmitting the tax returns. Rather than attempting to schedule volunteers at the site, CEP staffed the site with an AmeriCorps team that was trained to prepare tax returns. The site shared staff and computers with another CEP site that was not open during the same hours.

From the beginning, however, demand for the free tax preparation was well below expectations. While CEP and NSCFCU had feared they would have to turn away employees, they instead scrambled to fill available slots. Outreach efforts at each employer were increased and income limits were lifted to $35,000 for singles and $50,000 for families. Despite these measures, take-up remained low, and the site began advertising to all credit union members in an attempt to at least make use of the extra capacity. In the end, 178 returns were completed at the site, only 38 of which were for employees of the three companies. (Returns for at least 18 additional employees were completed at other CEP free tax sites in the city.)

Several factors seemed to hinder participation:

- **Convenience.** Surveys of employees and anecdotal feedback suggest that for many employees, the limited daytime hours of the site were simply not convenient. In addition, the offsite location added an extra barrier to participation. While all three employers are located nearby, employees still had to travel to the site – making it difficult to fit tax preparation into a lunch hour, for example.
- **Trust.** While all three employers had some pre-existing relationship with NSCFCU, it may simply take more time to build the required level of employee trust (feedback from some employees suggests that they questioned the quality of tax preparation). This idea is supported by the fact that nearly all participating employees were already credit union members, and the 25 of the 38 came from Action for Children, which had the closest prior relationship with NSCFCU.
- **Timing.** The tax site got off to a somewhat late start, particularly for low-income filers, who (in expectation of a large EITC refund) often rush out to have their taxes prepared as soon as they receive their W-2 forms. Timing was a particular issue for employees of Lakefront Supportive Housing, which distributed W-2s to employees especially early (on January 9th).

A final issue that arose at Weiss Memorial Hospital was the question of liability on the part of the employer. To protect against potential liability, Weiss required that all employees using the site sign a waiver form acknowledging that the hospital played no role in tax preparation beyond making employees aware of the service, and that tax information would not be shared with the employer.

<u>Employee Orientations and Financial Education Workshops</u>

Of the three employers, only Weiss – the largest of the three and the one with the greatest volume of employee hiring – held group orientations for new employees. Beginning in January, NSCFCU staff attended these monthly day-long events, and conducted a 30-minute presentation and Q&A session on financial issues for new employees. The presentation included instructions for calculating allowances and filling out a W-4 form, as well as an overview of the EITC and other tax benefits. Participating in the orientations proved an easy and effective way to reach workers at a critical juncture, when they were making a number of financial decisions and adjusting to changes in their financial lives.

Over the course of nine months, CEP and NSCFCU staff also conducted a total of seven workshops at two of the worksites, with 116 employees attending. The workshops were open to all employees, regardless of income. At Action for Children, the workshops were part of a one-day company-wide employee retreat in mid-February. As part of the day's agenda, employees could choose among a variety of workshops, including Basic Salsa and Introduction to Knitting. CEP and NSCFCU offered three workshops: Budgeting, Your Taxes and Your Money, and Home Ownership. Despite the competition, the three financial workshops were all well attended. At Weiss, workshops were scheduled during the lunch hour. Over the course of several weeks, NSCFCU presented a series of four workshops covering: Budgeting, Home Ownership, Credit Scores and Retirement Topics. Workshops were limited to 20 participants, and most were full or overbooked. Weiss provided lunch as an added incentive to employees.

While NSCFCU has conducted financial workshops at Lakefront in the past, none took place during the pilot. Lakefront expressed interest in offering the workshops, saying they have been well received in the past, and it appeared to be simply due to inertia in scheduling that none occurred.

Integration of Services and Training of Human Resources Staff

A key goal of the pilot was to work with Human Resources staff at the three employers to enable them to provide a higher level of financial information and education to employees, and to integrate changes in department operations that would promote employee financial stability and asset development. At all three employers, HR staff were actively engaged in marketing the new services to employees. Beyond this new outreach role, however, few institutional changes occurred in how the departments operated. It should be noted, however, that CEP and NSCFCU focused primarily in direct service provision – tax preparation and financial education – during the pilot period, spending little effort on promoting institutional change. It is not clear, therefore, how much of the lack of implementation success reflects lack of effort versus lack of receptivity on the part of employers.

While the hope was that Weiss HR staff would take over the presentations at employee orientations, there was no movement in that direction. At the other employers, who did not have group orientations for new employees, the plan had been to train HR staff to provide similar information in one-on-one meetings with new staff. Again, no training of HR staff or changes to internal employee orientation practices occurred.

The most significant new benefit that came out of the pilot was at Action for Children, which in July, 2004 began offering employees a new financial benefit: emergency loans, provided by NSCFCU and backed by the employer. The non-profit's Board of Director voted to create the revolving loan fund, opening a $10,000 Certificate of Deposit at the credit union that serves as collateral for loans to employees who would not otherwise qualify for a loan. The maximum loan was set at $2,000 and employees receiving loans are required to participate in financial education classes at the credit union. Two loans had been made by mid-September.

Future Plans

Going into second year of pilot implementation, the following changes are planned:

- Expand the program by targeting at least one additional employer, with the goal that expansion will translate to more clients served and greater budget efficiency.
- Examination and evaluation of methods used to recruit and retain employer partners.

- Earlier, increased and more focused outreach, as well as expanded hours (including evenings and weekends) for tax preparation.
- Increased focus on changing employer practices, including training of HR staff to deliver financial education and institutionalization of financial services.
- Examination of the impact of employee trust/familiarity on program success, by comparing the take-up of services in employers with varying levels of employee trust.
- Strengthening and deepening relationships with employers, focusing on both upper-level management and HR department staff.
- Focus on long-term sustainability by developing a formalized sustainability plan that includes employer involvement.

IV. Pilot Outcomes and Lessons Learned

Working from a detailed plan, the following data was collected on pilot activities:

- Information on tax site scheduling and data on the number of tax returns completed and refund amounts.
- Client surveys, given to all employees who participated in tax preparation, orientations or financial workshops.
- Surveys of employees (who both did and did not participate in pilot activities).
- Telephone interviews, lasting 20-30 minutes, conducted in April 2004 with all three employers.
- The plan also called for analyzing credit union data, including number of new accounts opened, loans provided and balance information for employees. However, staff workload made it difficult for NSCFCU to follow through on tabulating this data.

Service Outcomes

Over the course of the pilot, the project accomplished the following:

- 38 employees received free tax preparation, for a total of $55,541 in federal refunds.
- Three employees opened new accounts during tax preparation for direct deposit of their tax refunds.
- Approximately 20 employees each month received financial information as part of orientations for new employees at Weiss.
- 116 employees participated in seven financial workshops at Weiss and Action for Children.

Client Surveys

Surveys were completed by 21 employees who received free tax preparation and 151 employees who attended financial workshops or orientations. The surveys asked questions about employees' financial situations and feedback on the services they received. The surveys found:

- Financial education appeared to appeal to a somewhat more advantaged employee demographic. About a third of employees who participated in workshops earned more than $50,000 and only 5% earned less than $20,000.
- 90% of respondents have some form of assets, most commonly a bank account, car or retirement plan. The value of those assets is widely spread, from less that $100 to more than $5,000.
- At the same time, 88% of respondents have debt, and the amount of debt is more consistently high. Of those with debt, 80% owe at least $1,000 and nearly 45% owe more than $5,000.
- The sources of debt are diverse and respondents have multiple forms of debt: 63% report credit card debt; 50% owe on a car or home loan; 16% have outstanding student loans; 12% have personal bank loans; 8% owe payday lenders or loan sharks; and 5% owe money to a friend or relative. Ten percent report other debt, including medical and utility bills.
- Satisfaction with all services was high. On a scale of 1-5, participants rated the quality of tax preparation at an average of 4.5; 93% said they would strongly recommend their employer continue to offer the service and 96% said they would recommend it to others. Financial education also received an average score of 4.5 on quality; 97% said they would strongly recommend their employer continue to offer the service and 96% said they would recommend it to others.

<u>Employee Surveys</u>

All three employers agreed to assist in distribution and collection of employee surveys, but only one employer actually followed through. (At Weiss, the HR director announced his resignation just before the survey was scheduled; at Lakefront, an organizational move and HR turnover combined to scuttle the survey.) In July, 2004, a total of 126 completed surveys were received from employees of Action for Children. The surveys were completed by a cross-section of employees, including those of various income levels and those who did and did not participate in pilot activities. Questions covered three basic areas: information on household income, assets and debt; participation in pilot activities and reasons for non-participation; and impact of the program on employee job satisfaction.

The surveys found that:

- Most employees have both some savings and debt – but the amount of debt is much greater than the savings.
- 65% of employees have more than $5,000 in debt; 82% have more than $1,000 in debt. The most common type of debt is credit card debt (62% of employees), followed by car/home loans (50%) and student loans (48%).

- Almost all employees are banked: 93% have a savings or checking account (46%of employees have an account at North Side Federal Credit Union). A very high percentage (83%) receives their paychecks by direct deposit.
- Only 8% of respondents took advantage of the free tax preparation at North Side, but a relatively high percentage (29%) participated in financial workshops. The most common reasons for non-participation were inconvenient hours (47%), inconvenient location (26%) and lack of interest (32%).
- On average, employees rated the value of financial services – and its impact on their job performance and job satisfaction – as moderate. However, ratings were widely spread, so the averages obscure a significant number who give the services very high scores in both areas.
- There is very strong support among employees for continuing to provide free tax preparation and financial education, as well as for providing assistance in new areas. The most common requests for additional assistance were for credit counseling, mortgage assistance, debt management, and savings and investment counseling.

Employer Interviews

In April – shortly after the tax season ended – telephone interviews were held with each employer to get feedback on the project. Overall, employer perceptions were extremely positive; in fact, enthusiasm for the pilot seemed to significantly outstrip outcomes to date. The employers appeared to be more interested in being able to offer additional benefits to employees at little or no cost than whether or not employees chose to take advantage of those benefits.

Each of the three employers reported significant outreach efforts, especially around tax preparation. The employers heard little feedback from employees, but what feedback they did receive was positive.

Employers were asked to rate their satisfaction with various aspects of the pilot and with the program overall. Ratings were consistently 8 and higher, using a scale of 1-10. Employers were also asked to rate how important various factors were to their interest in participating in the program. Factors receiving the highest ratings across the board included:

- wanting to provide additional benefits to employees;
- wanting to be viewed as an "employer of choice;"
- concern about employees' financial situations; and
- desire to improve employee loyalty.

Finally, the employers were asked whether they would be willing to take on additional responsibility for providing similar benefits in the future. In particular, they were asked if they world consider: 1) giving paid time for employees to participate in program activities; 2) increasing their outreach efforts to reach more employees; and 3) providing financial support for the services. Not surprisingly, the employers were more open to the first two than the third, but two employers said they might consider financing some activities.

Pilot Costs

The budget for the first year of the pilot was $30,000. The actual costs of the pilot are somewhat difficult to quantify as so much of the work was accomplished by staff with other job descriptions. At both CEP and NSCFCU, the lead staff members working on the project were highly qualified VISTA volunteers – a move that proved effective both at implementing the initiative and controlling costs, at least in the short term. Both organizations, however also relied heavily on time from other staff as well as significant time from the Executive Directors, especially on the front end of establishing relationships with the employers.

There was essentially no cost to employers for participating in the pilot, beyond time spent in outreach and perhaps some photocopying of outreach materials. The exception was Weiss, which spent approximately $500 to provide lunch at four financial education workshops.

Lessons, Challenges and Best Practices

Key lessons from the first year of the pilot include:

- The employers were all eager to participate, and it was easy to make a business case for adding an employee benefit at little or no cost to them. However, employers were chosen for the pilot partly because they already had strong relationships with CEP and NSCFCU. It is not clear how easy it would be to market the same idea to other employers, without that pre-existing relationship.
- Human Resources departments are being asked to do more with less, and were therefore not always able to commit even the limited time needed to leverage the more significant investment offered by the non-profit partners. While they seemed to want to do more for employees, the reality was that they had limited capacity to implement a new program.
- Despite positive interest by all three employers, responsibility for keeping the program active rested squarely with CEP and NSCFCU. Where they did not aggressively push the employers to schedule workshops or take other actions, nothing occurred.
- It proved significantly easier to provide services through workplace than to actually alter employer practices. Employer time and commitment were key barriers, but expertise and confidentiality were also factors. At the same time, all three employers were actively engaged in outreach, a role which may be both more realistic and more appropriate for them.
- Getting formal approval for the project proved difficult, especially at the hospital, the largest of the companies and the one with the greatest amount of internal bureaucracy. The reluctance of employers to sign a formal agreement makes it harder to establish concrete expectations for the employer's role in delivering services.
- Staff turnover caused serious upheaval in the pilot, as relationships disappeared, taking commitment to the program with them. This suggests that it is important to invest more time – both up-front and ongoing – in developing deeper corporate relationships, including relationships with both HR staff and senior management.

- While convenience (both hours and location) of services was expected to be factors in participation, these proved to be even more important than expected. Take-up was high for financial education offered on-site at the place of employment, while the pilot struggled to get employees to travel off-site for tax preparation.
- Similarly, results from the first year indicate that trust was a key factor in participation. It is unclear at this point what are effective strategies for increasing trust and how much participation will grow over time.
- The pilot experience suggests that certain types of services may be more successful at different employers. For example, tax preparation was most successful at Action for Children, where employees trusted both the employer (to recommend the service) and the credit union (to perform the service). That level of trust did not exist at Weiss, but the hospital – with the largest number of employees – was the most successful site for financial education, including both new employee orientations and lunchtime workshops.
- Despite low participation by employees, the employers expressed a high level of satisfaction with the project. They seemed far more interested in being able to offer these additional benefits to employees than in whether or not the employees chose to take advantage of them.
- The project was very resource and labor intensive for CEP and NSCFCU, offering few savings from either employer involvement or scale. Employers expressed some willingness to consider subsidizing the work – something that will become important for sustainability of the model.

V. Conclusion: Potential for Scale, Sustainability and Impact

The early pilot experience in Chicago reinforces the original assumption that working through employers is an important strategy for linking low-income workers with financial education and financial services. The Human Resources departments at the three employers already facilitate a range of related services for employees, from helping them fill out W-4 forms to processing payroll deductions and overseeing retirement plans. Furthermore, Human Resources staff have a commitment to employee well-being and appear to be open to opportunities to expand what they can do for employees (albeit opportunities that require little investment of time or money on their part).

EITC campaigns have struggled in their attempts to integrate asset-building services into the moment-in-time of tax preparation. Working year-round through employers seems to offer an effective alternative route to the achieving the same goals. In particular, it is most promising in situations where employers have large numbers of low-income workers and a positive existing relationship with their workforce.

At the same time, however, the pilot experience suggests that this particular model of employer partnership is less promising as a solution to issues of scale and sustainability. Despite employer involvement in outreach, there appeared to be few cost savings and providing the services was highly staff intensive. It is unlikely that employers will take on significant new responsibility for financial education, and this may not be appropriate role for them. Unless employers are willing to pay for the services – and this seem possible but improbable – continuing and expanding the project will require significant new fundraising.

These conclusions should be tested in the second year of the pilot, especially those related to the potential for integrating services into what employers do themselves. Several components of the original plan that would have attempted to do this – such as training Human Resources staff – were not implemented in the first year, partly because of resistance from employers, but also because CEP and NSCFCU were more focused on the direct service aspects of the pilot. It remains to be seen whether they can be effective.

In addition, it will be useful to pilot and test other strategies for reaching low-income families through the workplace. In particular, it would interesting to see whether alternative approaches can effectively reach low-income employees while minimizing staff involvement by both corporate human resources departments and non-profit service providers. Potential approaches worth considering include the following:

- An education campaign to increase the number of employers who understand the financial challenges faced by low-income workers and the impact of those problems on the corporate bottom line, along with a simpler set of practices employers can adopt to promote financial stability among employees.
- Partnership with outsourced benefit managers or Employee Assistance Programs – rather than with corporate Human Resources departments – to see whether they might offer a more efficient way to add value, and whether they might be interested in contracting with a non-profit partner for more intensive services.
- Development of new financial products that could be offered by employers – similar to how they now offer 401(k) and flexible spending plans – that would target low-income workers and promote savings, while requiring little direct staff time at either the employer or the financial partner.
- Use of technology to facilitate financial services at the workplace while minimizing the direct staff time. For example, distance learning models could be applied to financial education or on-line approaches could be used to link employees to credit assistance, asset development or other services
- Employee-directed strategies, using a club model or other approach, where the non-profit might develop a set of tools that can be used by employees to help themselves and support each other.